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THE WHEAT SITUATION
Including Rye

Summary

Estimates of area and condition reported to date indicate that the production of wheat in the Northern Hemisphere* this year may total about 3,580 million bushels, the Bureau of Agricultural Economics reports. And, if crop conditions in the Southern Hemisphere countries are about average, world production* may be expected to total from 4,025 to 4,075 million bushels, or about 225 million bushels above the 1937 estimated world production. Production by countries, of course, is still uncertain, and unusual developments would be expected to modify early indications. In the past, however, errors in early estimates by countries have been largely compensating, causing the total estimate to be fairly indicative of the production as a whole.

World stocks of old wheat* about July 1 will probably total around 650 million bushels compared with about 556 million bushels in 1937. If the indicated world production is realized, the world's wheat supply for the 1938-39 season would be approximately 4,700 million bushels, or about 320 million bushels greater than in 1937-38. With world disappearance averaging about 3,775 million bushels, world stocks in July 1939 would total about 925 million bushels. This would be above the 1924-28 average stocks of 680 million bushels, but still considerably below the peak of 1,194 million bushels in 1934 and the 1930-34 average of 1,075 million bushels.

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* Production and stocks for Soviet Russia and China are excluded throughout this report.

A winter wheat crop of 761 million bushels in the United States was indicated by the June 1 condition. This represents about a 1 percent increase from the indications in early May. The first official indication of spring wheat production will not be made until July 11. Based on prospective plantings reported in March, however, the condition on June 1 indicated a probable production of all spring wheat of from 260 to 285 million bushels. If these indications materialize domestic production of all wheat would total approximately 1,035 million bushels. A crop of this size would be about 365 million bushels in excess of the 5-year (1932-36) average domestic disappearance of 670 million bushels. If the carry-over on July 1 this year turns out to be about 200 million bushels, and if exports in 1938-39 do not exceed those of the current season, the carry-over into July 1939 would approximate 100 million bushels more than the record carry-over of 378 million bushels on July 1, 1933. Wheat loans are mandatory under the Agricultural Adjustment Act of 1938 if the July 1 crop estimate exceeds a normal year's domestic consumption and exports, which on the basis of the 10-year average would total about 750 million bushels.

Domestic wheat prices in the next month or so will be affected largely by changes in crop developments and perhaps by the Government wheat loan policy. With export supplies of hard milling wheats small in other countries until the new Canadian crop is marketed, prices of this type of wheat in the United States may continue strong relative to those of other wheats.

A United States rye crop of 55,138,000 bushels is indicated on the basis of the June 1 condition. This is about 12 percent larger than last year's harvest, and may be the largest rye crop since 1924 with the exception of the big crop in 1935. The rye crop in Europe is substantially above the small 1937 harvest. With better crops in Europe, the import demand for United States rye is expected to be reduced and prices to average lower than in 1937-38.

THE WORLD WHEAT SITUATION

BACKGROUND.- Total world supplies of wheat, after increasing from 1929 to 1933, declined sharply following successive years of small production and increased world demand. The apparent world disappearance has averaged about 3,770 million bushels during the past 10 years. World prices of wheat moved steadily upward from the spring of 1933 to the summer of 1937, reflecting higher world commodity price levels, four successive below-average harvests in North America, and the 1935-36 short Southern Hemisphere crop. In 1936-37 wheat prices advanced sharply as a result of increased demand and the smallest supplies in recent years.

World wheat production* in 1937-38 is estimated at 3,827 million bushels, or about 290 million bushels larger than in 1936-37. World stocks* about July 1, 1937, however, were around 215 million bushels smaller than a year earlier, resulting in total supplies in 1937-38 about 75 million bushels larger than the small supplies in the preceding year. Net exports from Soviet Russia in 1937-38 may be about 35 million bushels compared with 4 million bushels in 1936-37. With somewhat larger supplies, uncertain prospects for world business activity, and weakness in the general price level, wheat prices have declined generally during the 1937-38 selling season.

World wheat prospects 1/ indicate increase of about 225 million bushels

World wheat production* this year may total from 4,025 to 4,075 million bushels. Estimates of area and condition reported to date indicate that the production of wheat in the Northern Hemisphere may total about 3,580 million bushels. In figuring production for the Southern Hemisphere, moisture and temperature to date were taken into consideration and average conditions for the rest of the season assumed. While production by countries is still uncertain and unusual developments would be expected to modify early indications, errors in early estimates by countries in the past have been largely compensating, and the total estimate has been fairly indicative of the production as a whole. In The Wheat Situation for June 1937, the expected production in 1937-38 2/ was placed at from 3,800 to 3,850 million bushels. This compares with the 1937-38 outturn now placed at 3,827 million bushels. Production estimates by countries for 1938-39 will be published in The Wheat Situation for July.

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* Production and stocks for Soviet Russia and China are excluded throughout this report.

1/ See page 11 for discussion of the domestic crop prospects.

2/ The 1937 harvest in the Northern Hemisphere and the late 1937 and early 1938 harvest in the Southern Hemisphere.

For Canada, the Dominion Bureau of Statistics reports that the spring wheat crop was seeded under more generally favorable conditions than prevailed in the spring of 1937, but a continuance of adequate precipitation in the 1937 drought areas is necessary to maintain present stands. Precipitation during the first week of June was considerably below normal. Near mid-June, rainfall relieved the situation over part of the deficient area but moisture was still urgently needed in Northern Alberta and in Northeastern Saskatchewan. Rains in southern Manitoba are also required to ensure an average crop.

Spring wheat condition in Canada as of May 31 was 99 percent of average compared with 85 percent for a year earlier. Spring wheat is somewhat later than it was last year. Some parts of Saskatchewan and Alberta have suffered damage from cutworms and wire-worms. Grasshopper hatchings have been heavy in some areas but are thought to have caused little damage. Winter wheat condition on May 31 was estimated at 96 percent of average, compared with 98 percent a year earlier.

Wheat seedings in Europe, excluding Soviet Russia and Spain, indicate a slight increase over those of last year and over average seedings, according to the Berlin office of the Bureau of Agricultural Economics. Winterkill -- unusually severe last year -- is reported to have been slight this year, and may result in larger increases in the harvested acreage than indicated at this time. In spite of acreage increases, the outlook for the 1938 crop is for a harvest well below that of 1937. The crop reductions in prospect for Italy and Spain more than offset the increased production expected in France and certain other countries. Some reductions are also expected in Greece and the Scandinavian countries.

The weather in Europe during most of the spring was unfavorable for wheat. Winter wheat started the season with an above-average condition, however, and was not as adversely affected as believed earlier. But deterioration has been severe in some countries, notably in Italy. Spring crops have been somewhat more affected than winter crops, but favorable growing weather for the rest of the season might bring considerable recovery. In Italy, some improvement during late May and early June has been reported.

Drought conditions have prevailed over most of western and central Europe and over parts of southern Europe. Soil moisture supplies were so generally depleted over Europe that June precipitation will have more than the ordinary importance in crop development. In addition, unusually low temperatures and frosts during April checked plant growth. A full appraisal of the damage cannot be made until harvest time.

In the Danube Basin the condition of the wheat crop is reported to be very good. The acreage is estimated to be about 2 percent larger than in 1937, and a good crop is expected.

For the Soviet Union, generally good prospects are indicated. A large proportion of the spring crop, however, was seeded later than the crop of 1937, and there has been a larger than normal winterkill in a number of central and northwestern regions. The extent of replcughing made necessary is not yet known. The Volga region is reported to be in need of rain.

Conditions in northern Africa are variable. Fairly good harvests are expected in Morocco and Algeria, but a considerably reduced crop is forecast for Tunisia. The official estimate of the crop in Algeria is now placed at about 31 million bushels. Production in Morocco is estimated to be about 25 million bushels and that in Tunisia is reported at 14 million bushels.

The May estimate of the 1938 crop in India is placed at 392 million bushels, compared with the final estimate of 367 million bushels harvested last year.

In spite of a 10-percent reduction in acreage, China is expected to harvest a crop about equal to the small harvest of 1937, estimated at 640 million bushels. A cable from the Shanghai office of the Bureau of Agricultural Economics, dated June 15, states that excessive rains in the lower Yangtze Valley may have damaged part of the crop which is not yet harvested. The wheat crop in Japan, estimated at about 50 million bushels, is only slightly below the record crop harvested in 1937.

Weather conditions in Argentina have been favorable for seeding, and the soil condition has been conducive to good germination. A larger acreage than last year is expected.

In Australia the Government estimates that acreage will not be decreased from that of last year, but private estimates still forecast a moderate decrease. Good general rains have fallen over most of the drought area and have greatly benefited the crop.

Present prospects indicate that the world durum production in 1938 may be above that of a year ago. Canada has reduced its durum acreage through the substitution of rust resistant Thatcher wheat, but the June 1 spring wheat condition of 99 percent of the long-time average yields suggests that the reduction in seedings may be largely offset by increased per acre yields. A durum crop slightly larger than last year is in prospect in Europe and North Africa (table 12). The condition in Asiatic countries which produce durum wheat is generally favorable. About 12 percent of the large Indian crop is durum and production this year is large.

Table 1.- Wheat acreage in specified countries, 1936-38
(acreage sown, except as otherwise stated)

Country	Year of harvest		
	1936	1937	1938
	1,000 acres	1,000 acres	1,000 acres
United States:			
Winter 1/	37,687	46,946	50,677
Spring 1/	11,176	17,514	2/19,000
Canada, all wheat 1/	25,605	25,570	24,719
Total (2 countries)	74,468	90,030	94,396
Europe:			
Belgium 3/	420	422	428
Czechoslovakia	2,296	2,107	2,135
England and Wales	1,704	1,732	1,807
France	12,865	12,736	12,502
Germany 3/	4,757	4,335	4,507
Greece	2,065	2,118	2,055
Ireland	255	220	4/ 230
Italy	12,737	12,906	12,439
Lithuania 3/	349	379	357
Luxemburg 3/	44	45	45
Northern Ireland	7	4	4/ 5
Poland	3,736	3,736	3,781
Portugal	1,157	1,093	5/ 1,310
Scotland	94	100	100
Total (14 countries)	42,486	41,933	42,701
Bulgaria	2,955	3,233	6/ 2,899
Hungary	4,073	3,734	6/ 4,090
Rumania	8,480	8,777	6/ 9,377
Yugoslavia	5,553	5,424	6/ 5,298
Total (4 countries)	21,061	21,168	21,664
Total (18 countries)	63,547	63,101	64,365
Africa:			
Morocco	3,194	3,032	5/ 2,955
Algeria	4,287	4,311	4,139
Tunisia	1,221	2,429	1,495
Egypt	1,464	1,421	1,470
Total (4 countries)	10,166	11,193	10,059
India (May estimate)	33,494	33,049	35,151
Japan	1,688	1,776	1,757
Total (26 countries)	183,363	199,149	205,728
Estimated Northern Hemisphere total, excluding U.S.S.R. and China	215,400	229,800	

1/ Acreage harvested, or for harvest. 2/ Acreage for harvest not officially estimated. Figures used are based on an abandonment approximating that of 1929-37, excluding the heavy losses of 1934 and 1936. 3/ Winter wheat only.
4/ Estimated in the London office of the Bureau of Agricultural Economics.
5/ Estimated in the Paris office of the Bureau of Agricultural Economics.
6/ Estimated in the Belgrade office of the Bureau of Agricultural Economics.

World carry-over prospects show increase of about 100 million bushels

Stocks of old wheat about July 1 seem likely to be increased to between 640 and 660 million bushels compared with about 556 million bushels in 1937. The Canadian and European harvests average later than those in the United States, and estimates of stocks by countries will not be published until the September issue of The Wheat Situation.

Table 2 shows a summary of world wheat supply and disappearance for the past 5 years 3/. If the world production of about 4,025 to 4,075 million bushels is realized, the world wheat supply for 1938-39 would be around 4,700 million bushels, or about 320 million bushels greater than in 1937-38. With world disappearance averaging about 3,775 million bushels, stocks in July 1939 would total about 925 million bushels, compared with the 1924-28 average of 680 million, the record peak of 1,194 million in 1934, and the 1930-34 average of 1,075 million bushels.

Estimated world wheat trade in 1937-38 revised upward

It now appears that world net imports by deficit countries for the year beginning July 1, 1937, may total about 500 million bushels, compared with the September and March predictions of 485 million bushels. The estimate of net imports by European deficit countries is still placed at 400 million bushels, as forecast last September. Shipments to non-European countries (which corresponds to the Broomhall series and which reflects fairly well the year-to-year changes in imports

Table 2.- Estimated world wheat supply and disappearance, 1933-34 to date

Item	1933-34	1934-35	1935-36 2/	1936-37 2/	1937-38 2/
	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels
Stocks 1/ on about July 1	1,143	1,194	953	773	556
Production 1/	3,835	3,543	3,582	3,537	3,827
Total above supply	4,978	4,737	4,535	4,310	4,383
Net exports from U.S.S.R.	34	2	29	4	38
Total of above	5,012	4,739	4,564	4,314	4,421
Less year-end stocks	1,194	953	773	556	651
Apparent world disappearance	3,818	3,786	3,791	3,758	3,770

1/ Excludes Soviet Russia and China. 2/ Preliminary.

by non-European countries) is now forecast at 100 million bushels, an increase of 10 million over the prediction in March, and 15 million bushels over the prediction in September. In 1936-37 net imports by deficit European countries amounted to 435 million bushels and shipments to non-European countries 127 million, or a total of 562 million bushels.

A number of revisions have been made in the trade estimates of the various European countries, but these have offset one another. The most significant revisions were made for Germany, France and the United Kingdom. The estimate for Germany has been revised upward by 19 million bushels, to 48 million bushels, 42 million of which had been imported up to April 30. The estimate for France has been decreased 6 million bushels. It now appears that with good crop prospects

3/ Table 7 shows estimated world wheat supply, disappearance and price since 1922-23.

and restrictions on imports, France may limit its imports to about 15 million bushels. On April 26 it was announced in the British House of Commons that purchases of wheat had been made to establish a reserve for early months of an emergency. There is no definite information available on the quantity so purchased but an allowance of about 7 million bushels for these purchases is made in the United Kingdom import estimate. Even with this allowance, however, the total for the United Kingdom has been reduced by 5 million bushels, to 195 million bushels, on the basis of the reduced movement which has taken place. Small reductions were also made in the import estimates for Italy, Austria, and Belgium. No upward revisions in Spain and Portugal have been made, as was thought necessary a month ago. Up-to-date information regarding Portugal is not available, and no data on Spanish imports have been reported.

The quantity of wheat available for export or carry-over as of June 1 in the four principal exporting countries - United States, Canada, Argentina, Australia - is estimated at 335 million bushels this year, compared with 201 million a year ago, and 375 million bushels in 1936. The addition of the United Kingdom port stocks and quantities afloat results in a total of 388 million bushels this year compared with 253 million last year and 417 million bushels 2 years ago. Table 3 shows the estimated stocks for the past 4 years, by countries.

New crop wheat is now being received from India, and it is predicted that about 17 million bushels will be exported from April 1938 through March 1939, compared with 19 million bushels a year earlier, when the largest amount since 1924-25 was exported.

Table 3.- Wheat surplus for export or carry-over in the four principal exporting countries, United Kingdom port stocks and stocks afloat, June 1, 1935-38 1/

Position	1935	1936	1937	1938
	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.
United States:				
In United States	133	108	70	208
In Canada	0	0	0	1
Canada:				
In Canada	223	173	55	36
In United States	9	13	7	1
Argentina	81	38	26	43
Australia	60	43	43	46
Total	506	375	201	335
United Kingdom port stocks	10	10	11	10
Stocks afloat to:				
United Kingdom	15	15	13	17
Continent	10	9	20	11
Orders	11	8	8	15
Total	46	42	52	53
Grand total	552	417	253	388

1/ For other than the United States: Carry-over at the beginning of the year (Canada, July 31; Argentina, January 1; Australia, December 1 of the previous year) plus production, minus domestic utilization for the year, minus monthly exports to date. For the United States: Year-end stocks minus imports for the year plus June exports and shipments (1938 figure based on carry-over on June 30, 1938 of 201 million bushels, imports of 1 million bushels, and June exports of 8 million bushels).

World trade in wheat in 1938-39 may be slightly larger

For Europe as a whole it appears probable that as a result of a reduced crop this year, import requirements may be around 50 million bushels greater than in 1937-38. If reserve stocks are built up to any large extent in some countries, the figure would need to be increased accordingly. The extent to which reserve stocks will be accumulated is unknown. It is known, however, that the United Kingdom at least has adopted such a policy and that the Netherlands Government has decided to accumulate a reserve of some 10 or 12 million bushels. 4/ Should prices be relatively low as the result of large crops and should political conditions in Europe continue unsettled, other countries may establish reserves.

With prospective production in Canada and Argentina more nearly normal compared with the very small crops last year, it is expected that exports from the United States will meet greater competition in 1938-39 than in the season ending June 1938. This year, about 95 million bushels have been exported from this country. Production in Canada and Argentina may easily be 125 million bushels larger than in the past year, which would be sufficient to take care of the most optimistic estimated increase in world import requirements.

Table 13, on wheat supplies and disappearance in the United Kingdom, shows imports into the United Kingdom by countries, for 9 months this year, compared with the same period a year earlier and with the past 2 marketing years. It is interesting to observe that, with reduced takings from Canada and Argentina this year, imports from Australia have been very much larger than from the United States, and that imports from Soviet Russia have been about equal to those from the United States.

Despite the prospective reduction in the Spanish crop, it appears unlikely that any large quantity of wheat can be disposed of in that market. Italy, however, where the crop promises to be about 90 million bushels below that of last year, does offer a potential important export outlet, provided that United States prices are on a competitive basis and provided that arrangements can be made for payment. The decrease in the Italian wheat crop will be only partly offset by an increase in imports, however, because that country has already issued regulations requiring the substitution admixture of 20 percent of other products in wheat flour.

Outside of Europe the principal importing countries are in Latin America and the Orient. These countries generally import flour in preference to wheat. There seems little prospect for a material increase in Latin American imports in 1938-39. In the Orient, Japan has become practically self-sufficient in wheat production, but there is a potential market in China, particularly for flour.

4/ Both the United Kingdom and the Netherlands are important takers of United States wheat. United States domestic exports of wheat by specific countries, semi-annually beginning in 1935, are shown in The Wheat Situation, February 23, 1938, page 5, table 2.

Foreign prices influenced by United States crop conditions

Wheat prices in foreign markets declined further the last half of May, influenced by prospects of large crops. In the first half of June, however, prices turned upward with American markets, as the result of concern over frost and black-stem rust in the United States.

Since early June United States hard winter prices have risen relative to prices of Argentine and Canadian wheats, thereby narrowing the spread between our domestic hard wheat markets and importing countries. Australian wheat in Liverpool has been selling at about the 6-cent Imperial preference over our wheat. Table 4 shows Friday prices of imported wheat at Liverpool from six countries, including the United States, and table 5 the closing prices of July wheat futures at Winnipeg, Liverpool and Buenos Aires, and at Chicago, Kansas City and Minneapolis.

Table 4.-Prices of imported wheat at Liverpool

Date (Friday)	Hard wheats				Soft wheats		
	U.S. (Gulf) No.1 Dk. Hd.Winter	Argentine Barusso	Canada No. 3 Manitoba 1/	Russian	U.S. (Pacific) White	Australian 1/	India choice Karachi 1/
1938	Cents	Cents	Cents	Cents	Cents	Cents	Cents
May 6	109.2	2/103.7	126.3	---	95.1	95.1	100.6
13	110.3	2/112.7	125.1	---	95.6	101.8	98.7
20	107.9	109.4	124.2	---	93.9	100.9	96.2
27	101.9	103.5	118.9	93.4	88.0	93.4	93.4
June 3	102.0	97.8	118.2	---	83.8	92.0	88.5
10	107.7	99.1	117.7	99.9	90.6	96.0	90.6
17	111.1	104.1	119.7	---	96.3	101.0	92.5

1/ Empire wheat qualifying for Imperial Preference is exempt from duty (approximating 6 cents per bushel) under Ottawa Agreements of November 1932.
2/ Rosafe.

THE DOMESTIC WHEAT SITUATION

BACKGROUND.-The carry-over of wheat in the United States for the 5-year period (1924-28) averaged about 115 million bushels. Stocks which began to accumulate in 1929 reached the record peak of 378 million bushels in 1933. Four small wheat crops, however, reduced stocks to about 100 million bushels by July 1, 1937. Domestic disappearance during the 5 years (1932-36) averaged 670 million bushels.

Domestic wheat prices from the spring of 1933 to that of 1937 were unusually high relative to world market prices, because of four small domestic crops caused largely by abnormally low yields per acre. During 1936-37 both world and domestic prices advanced sharply as a result of increased demand and the smallest supplies in recent years.

Early in the 1937-38 season, domestic and foreign wheat prices rose sharply following reports of serious damage to the Canadian crop and the threat of rust damage in the United States. It was thought possible at that time that world prices might remain sufficiently above the 1936-37 level to offset the decline in United States prices to an export basis. However, with an increase of over 100 million bushels in the estimate of the world crop, the likelihood of large shipments from Soviet Russia, a slow European demand, disturbed business conditions, and a falling general commodity price level, wheat prices in world markets declined. The price of wheat at local United States markets, weighted by monthly sales, will average somewhat under $1 a bushel in 1937-38 compared with $1.03 in 1936-37.

Large crop in prospect

The condition of the winter wheat crop improved slightly during May, and on June 1 a crop of 760,623,000 bushels was indicated. A crop of this size would be the largest on record with the exception of the unusually large 1931 crop, and would be a decided contrast to the very small crops produced in each of the years from 1933 to 1936, inclusive. The 1937 production was 685,102,000 bushels and the 1927-36 average production was 546,396,000 bushels. June 1 conditions indicated a production well above the 10-year average in all the important winter wheat producing States, with the greatest increases reported for Kansas, Nebraska, and Oklahoma, where unfavorable growing conditions have limited the size of the crop in several of the past 10 years. While indicated yields in most of the winter wheat States on June 1 were generally above those of last year and above the average for the past 10 years, in many of the States they were still below the average yields for the 10 years just prior to 1932. The total acreage seeded this year is the largest on record.

According to the statement of the Bureau of Entomology and Plant Quarantine on June 17, conditions have been unusually favorable for the development of rust throughout most of the wheat-growing region west of the Mississippi River. Nevertheless the Texas crop was not damaged greatly, in the aggregate, although fairly heavy loss occurred in some local areas. The condition in Oklahoma is spotted. Stem rust is rather heavy in some local areas and moderately heavy in several others. Much of the wheat, however, will mature before severe damage occurs and the aggregate loss is not expected to be large. Wheat in southwestern Missouri ripened early enough to escape important rust damage. Not much damage is expected in

east-central Missouri. In west-central Kansas, east to northwest Missouri, and southeastern Nebraska there is considerable stem rust and if weather conditions continue favorable for its development, considerable damage may result. Elsewhere in the winter wheat area there is a liberal sprinkling of stem rust, extending as far north as south-central Iowa. East of the Mississippi River rust, in general, is not so abundant as in States westward, although there is a sprinkling reported throughout Illinois, Indiana, and Ohio. Another statement on rust will be issued to the press on June 24.

Favorable growing conditions and an abundance of moisture during the spring months in most of the spring wheat States has resulted in the best prospects for the spring wheat crop since 1932. On June 1 the condition of the spring crop was estimated to be about 87 percent of normal which compares with 69 percent of normal last year and 77 percent of normal for the 1927-36 average. The condition of the crop was above average in all States, and conditions were especially favorable in Kansas, Nebraska and South Dakota where yields have been greatly curtailed in many of the past few years as the result of unfavorable weather conditions. The condition of this year's crop on June 1 and the prospective acreage to be harvested indicate that production may range between 260 and 285 million bushels, if weather conditions are favorable during the remainder of the growing season. A crop of this size would compare with 188,891,000 bushels last year and about 241 million bushels for the 1928-32 average. Up to about the middle of June little rust was reported in the spring wheat area.

Domestic prices strengthened by crop damage

Domestic wheat prices declined during the last half of May, influenced by prospects of large crops both in this country and in other countries. In the first half of June, however, prices turned upward. Injury to winter wheat from late frosts was confirmed by early threshing returns, and moist conditions brought concern over black-stem rust. About the middle of the month prices weakened somewhat as marketings of new crop winter wheat increased.

Domestic wheat prices in the next month or so will be affected largely by changes in crop conditions and perhaps by the Government wheat loan policy. Prices of hard milling wheat have been showing independent strength. Supplies of this type of wheat in other countries will remain small until the new Canadian crop is marketed. Should the quality of the new United States crop be low, old crop wheat of good milling value would command a substantial premium.

Table 5.- Average closing prices of July wheat futures, specified markets and dates, 1937 and 1938

Date	Winnipeg 1/		Liverpool 1/		Buenos Aires		Chicago		Kansas City		Minneapolis	
	1937	1938	1937	1938	1937	1938	1937	1938	1937	1938	1937	1938
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Month -												
Jan.	120.0	118.3	127.0	114.0	---	---	114.6	89.9	110.1	87.3	131.9	102.1
Feb.	121.7	119.0	127.9	111.5	---	---	116.0	89.9	111.2	87.1	131.1	101.6
Mar.	131.9	110.9	137.2	103.4	---	---	121.9	84.2	117.0	80.6	135.0	94.8
Apr.	134.9	111.6	142.0	100.3	---	---	122.4	80.9	117.9	76.9	133.6	89.9
May	129.5	102.5	139.4	95.1	---	---	118.2	76.3	115.0	72.7	128.3	82.7
Week ended -												
May 7	129.8	108.7	138.4	98.7	121.6 2/	98.2	118.2	78.7	113.9	75.3	127.6	85.4
14	127.3	105.6	137.7	97.4	119.4 2/	93.2	116.2	78.6	112.8	75.1	125.5	85.7
21	132.5	102.3	141.2	95.7	121.0 2/	88.8	121.2	76.4	118.8	72.9	130.6	82.4
28	127.1	94.9	140.5	90.1	121.2	82.9	117.0	72.6	114.0	68.9	129.2	78.6
June 4	118.8	98.5	133.9	86.9	120.5	78.4	110.5	69.9	107.9	66.4	122.6	77.1
11	116.8	100.9	126.5	91.5	114.3	82.5	108.4	74.3	106.4	71.2	120.8	82.4
18	121.2	106.6	127.7	96.9	111.9	84.3	109.2	79.0	105.7	75.2	126.2	89.1
High 3/	142.4	113.7	151.2	102.5	121.6 4/	100.5	127.2	82.3	122.5	78.2	138.9	91.2
Low 3/	116.8	94.9	126.5	86.9	111.9 4/	78.4	108.4	69.9	105.7	66.4	120.8	77.1

1/ Conversions at noon buying rate of exchange. 2/ June futures. 3/ April 9 to June 18, 1938, and corresponding dates 1937. 4/ June and July futures.

Table 6.- Weighted average cash price of wheat, specified markets and dates, 1937 and 1938

Date	All classes and grades six markets		No. 2 Hard Winter Kansas City		No. 1 Dk.N.Spring Minneapolis		No.2 Hard Amber Durum Minneapolis		No. 2 Red Winter St. Louis		Western White Seattle 1/	
	1937	1938	1937	1938	1937	1938	1937	1938	1937	1938	1937	1938
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Month -												
Jan.	144.3	102.4	138.0	102.7	165.9	127.0	171.3	108.7	139.6	100.2	112.2	88.9
Feb.	138.5	98.8	136.5	99.6	159.4	125.1	170.0	110.1	143.2	99.3	114.4	90.0
Mar.	141.6	93.0	138.6	91.5	153.0	119.2	183.2	105.3	143.0	91.6	117.0	86.2
Apr.	140.8	86.2	140.0	84.6	160.0	110.5	172.0	100.0	143.6	85.0	119.5	81.4
May	131.5	82.0	132.0	79.7	146.3	105.3	128.4	88.4	131.9	76.9	115.8	77.0
Week ended -												
May 7	133.0	83.9	135.6	80.6	141.6	113.1	127.8	93.0	135.8	79.7	117.8	79.8
14	129.8	84.9	129.7	81.9	146.3	106.3	127.9	89.3	130.7	79.8	112.1	79.3
21	132.3	82.9	131.9	81.6	147.4	104.2	129.7	88.8	---	78.5	118.2	79.3
28	131.0	78.8	130.3	77.4	145.6	101.3	128.2	83.8	131.8	73.8	115.2	73.2
June 4	123.7	74.6	127.2	69.7	139.4	94.8	117.2	75.4	125.0	69.6	110.0	68.2
11	123.3	83.9	123.4	77.8	136.3	101.9	109.9	87.8	123.1	72.8	109.6	71.0
18	123.9	91.1	123.5	86.7	144.0	115.8	109.0	97.7	123.5	83.0	112.0	---
High 2/	145.5	91.1	144.5	86.7	169.8	115.8	164.2	101.4	144.7	85.7	122.0	82.2
Low 2/	123.3	74.6	123.4	69.7	136.3	94.8	109.0	75.4	123.1	79.7	109.6	68.2

1/ Weekly average of daily cash quotations, basis No. 1 sacked.
2/ April 9 to June 18, 1938 and corresponding dates for 1937.

Table 7.-Estimated world wheat supply, disappearance and price, 1922-23 to date

Year	Production					Net exports from Russia	Stocks on about July 1	Total supply 1/	Total disappearance	British Parcels average price per bushel 2/
	United States	Canada Argentina and Australia	Europe	All other	World production					
	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Cents
1922-23	847	705	1,045	606	3,203	1	641	3,845	3,266	92
1923-24	759	847	1,257	656	3,519	21	579	4,119	3,396	84
1924-25	842	618	1,058	609	3,127	---	723	3,850	3,280	110
1925-26	669	701	1,397	613	3,380	27	570	3,977	3,321	108
1926-27	832	798	1,216	648	3,494	49	656	4,199	3,511	108
1927-28	875	880	1,274	644	3,673	5	688	4,366	3,612	104
1928-29	914	1,075	1,410	597	3,996	---	754	4,750	3,722	91
1929-30	823	594	1,461	706	3,584	7	1,028	4,619	3,675	101
1930-31	886	867	1,360	734	3,847	112	944	4,913	3,849	75
1931-32	942	732	1,436	755	3,865	70	1,054	4,989	3,947	76
1932-33	757	898	1,490	720	3,865	17	1,042	4,924	3,781	78
1933-34	552	745	1,745	793	3,835	34	1,143	5,012	3,818	70
1934-35	526	650	1,548	819	3,543	2	1,194	4,739	3,786	79
1935-36 3/	626	568	1,576	812	3,582	29	953	4,564	3,791	84
1936-37 3/	627	619	1,481	810	3,537	4	773	4,314	3,758	105
1937-38 3/	874	554	1,548	851	3,827	38	556	4,421	3,770	106

1/ Excludes production and stocks in Russia and China.
2/ Deflated by Statist Index (1910-14 = 100) and converted at par.
3/ Preliminary.

Table 8.- Movement of wheat, including flour, from principal exporting countries, 1934-35 to 1937-38

Country	Exports as given by official sources: Total 1934-35	Total 1935-36	Total 1936-37	July 1 to date shown 1935-36	July 1 to date shown 1936-37	July 1 to date shown 1937-38	Date
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	
United States 1/	21,532	15,929	21,584	13,012	17,260	82,416	Apr. 30
Canada	169,630	237,447	213,028	209,747	199,093	85,922	May 31
Argentina	187,000	76,577	162,085	72,547	157,925	62,137	May 31
Australia	108,007	102,258	95,970	88,168	73,781	96,136	Apr. 30
Russia	4,286	29,704	4,479	28,565	3,499	34,472	Mar. 31
Hungary	12,499	14,644	27,428	11,058	24,958	8,470	Apr. 30
Yugoslavia	4,401	728	17,302	142	12,753	4,707	Mar. 31
Rumania	3,432	6,391	35,540	9,996	31,830	31,060	Apr. 30
Bulgaria	375	988	7,273	954	5,221	6,820	Mar. 31
British India	2,318	2,556	14,674	1,462	9,163	3,244	Jan. 31
Total	513,480	487,222	599,363				

	Shipments as given by trade sources: Total 1935-36	Total 1936-37	Week ended 1937-38 June 4	Week ended 1937-38 June 11	Week ended 1937-38 June 18	July 1-June 18 1936-37	July 1-June 18 1937-38
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
North America 2/	220,464	225,902	3,904	5,277	3,606	228,272	179,939
Canada, 4 markets 3/	246,199	194,531	4,260	1,503	1,468	191,572	85,624
United States	7,219	10,049	1,471	1,581	1,008	9,646	80,902
Argentina	78,312	164,678	1,424	1,084	2,171	162,778	61,086
Australia	110,576	105,836	2,036	4,365	1,431	101,796	122,588
Russia	29,024	88	160	480	232	88	41,240
Danube & Bulgaria 4/	8,312	65,544	176	24	328	64,368	36,304
British India	5/2,556	5/14,674	576	312	544	11,920	14,090
Total 6/	449,244	576,722				569,222	455,247
Total European shipments 2/	360,264	484,600	6,472			7/454,006	7/367,880
Total ex-European shipments 2/	131,760	127,192	2,032			7/120,248	7/ 91,656

1/ Includes flour milled in bond from foreign wheat.
2/ Broomhall's Corn Trade News.
3/ Fort William, Port Arthur, Vancouver, Prince Rupert, and New Westminster.
4/ Black Sea shipments only.
5/ Official.
6/ Total of trade figures includes North America as reported by Broomhall's but does not include items 2 and 3.
7/ To June 4.

Table 9.- Exports of wheat and wheat flour from the United States, 1936-37 and 1937-38
(Includes flour milled in bond from foreign wheat)

Period	Wheat		Wheat flour		Wheat including flour	
	1936-37	1937-38	1936-37	1937-38	1936-37	1937-38
	1,000 bushels	1,000 bushels	1,000 barrels	1,000 barrels	1,000 bushels	1,000 bushels
July-Apr.	2,003	63,164	3,246	4,096	17,260	82,416
Week ended - 1/						
May 7	66	2,114	41	93	259	2,551
14	75	2,076	28	43	207	2,278
21	74	1,084	34	80	234	1,460
28	79	1,011	31	39	225	1,194
June 4	81	1,321	35	32	245	1,471
11	512	1,271	39	66	695	1,581
18	15	2/ 707	24	2/ 64	128	2/ 1,008

Compiled from reports of the Department of Commerce. 1/ Data for total exports from the United States by weeks are not available. These data are the total of exports through 16 of the principal ports.
2/ Preliminary.

Table 10.- Shipments of wheat, including flour from principal exporting countries, specified dates, 1936-37 and 1937-38

Period	Argentina		Australia		Danube		North America	
	1936-37	1937-38	1936-37	1937-38	1936-37	1937-38	1936-37	1937-38
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
July-Apr.								
Week ended -	150,538	55,114	80,780	100,156	53,720	34,920	192,872	151,34
May 7	1,696	1,484	2,236	3,784	2,640	272	2,832	3,816
14	2,076	1,020	3,056	5,256	1,616	128	4,872	3,66
21	2,004	1,328	3,220	2,868	1,616	360	4,904	3,22
28	1,008	716	4,312	2,692	2,400	96	3,008	5,10
June 4	2,720	1,424	3,800	2,036	904	176	3,016	3,90
11	1,180	1,084	2,284	4,365	968	24	4,080	5,27
18	1,556	2,171	2,108	1,431	504	328	4,304	3,60

Compiled from Broomhall's Corn Trade News.

Table 11.-Net imports of wheat, including flour, into European countries, year beginning July 1, 1936-37 and 1937-38

Country	1936-37	1937-38 forecast	Net imports reported: July 1 to	Net imports reported: 1936-37	Net imports reported: 1937-38
	Mil.bu.	Mil.bu.		Mil.bu.	Mil.bu.
Austria	10	7	Apr. 30	8	6
Belgium	40	38	Mar. 31	31	29
Czechoslovakia	1/ -11	1/ - 1	Apr. 30	1/ - 7	1/ - 2
Denmark	7	7	Mar. 31	6	5
Finland	4	3	Mar. 31	3	2
France	7	15	Mar. 31	5	11
Germany	23	48	Apr. 30	3	42
Greece	21	13	Jan. 31	12	8
Ireland	14	14	Apr. 30	11	12
Italy	54	7	Apr. 30	32	5
Latvia	1	1	Feb. 28	2/	1
Netherlands	21	24	Apr. 30	18	20
Norway	9	7	Apr. 30	6	6
Poland	1/ -6	0	Apr. 30	1/ - 6	3/
Portugal	2/	2	Jan. 31	2/	2/
Sweden	2/	1/ - 1	Apr. 30	3/	1/ - 1
Switzerland	19	16	Mar. 31	13	11
United Kingdom	199	195	Apr. 30	168	156
Total imports of above	429	397			
Spain	6	3			
Total imports	435	400		316	314
Total exports	17	2		13	3
Total net imports	418	398		303	311

Compiled from official sources except as otherwise stated.

1/ Net exports.
2/ Less than 500,000 bushels.
3/ Net exports of less than 500,000 bushels.

Table 12.- Durum wheat: Area and production in Morocco, Algeria, and Tunisia, average 1931-35, annual 1937 and 1938

Country	Acreage			Production		
	Average 1931-35	1937	1938	Average 1931-35	1937	1938
	1,000 acres	1,000 acres	1,000 acres	1,000 bushels	1,000 bushels	1,000 bushels
Morocco	2,263	2,142	2,224	20,991	12,702	16,534
Algeria	2,985	3,212	3,089	22,902	22,509	22,046
Tunisia	1,735	2,051	1,137	9,847	10,288	6,614
Total	6,983	7,405	6,450	53,740	45,499	45,194

From report of the Paris office of the Bureau of Agricultural Economics.

Table 13.- United Kingdom: Wheat supply and disappearance, August-July, 1935-36 to 1937-38

Item	1935-36	1936-37	9 months	
			1936-37	1937-38
	Million bushels	Million bushels	Million bushels	Million bushels
Domestic production	65.4	55.3	55.3	56.4
Port stocks beginning of year 1/	8.8	7.6	7.6	11.0
Imports, wheat:				
Australia	44.2	39.0	23.9	34.2
Canada	94.6	86.3	66.0	35.6
U.S.S.R.	13.2	--	--	18.6
United States	.5	.1	.1	18.9
Argentina	12.0	29.5	25.4	5.8
British India	.4	10.7	7.4	7.5
Rumania	3.1	8.4	8.0	3.3
Others	22.2	10.5	8.0	4.8
Imports, flour as wheat	22.7	22.6	16.9	16.3
Total imports	212.9	207.1	155.7	145.0
Re-exports, wheat	1.3	3.0	.8	1.3
Exports, flour as wheat	6.3	4.8	3.9	3.5
Port stocks, end of period	7.6	11.0	11.1	8.4
Disappearance	271.9	251.2	202.8	199.2

1/ Includes flour in terms of wheat. Includes port stocks in Ireland prior to August 1, 1936.

THE RYE SITUATION

BACKGROUND.- During the past 10 years rye acreage has remained above pre-war levels, due largely to the expansion of rye production into the sub-humid areas of the spring wheat belt. In 1933 and 1934 the harvested acreage was greatly reduced because of heavy abandonment. In both of these years and in 1936 production was also greatly reduced because of unusually low yields. In 1935 and 1937, production was large, not only because the acreage was large but because yields per acre were above average.

Large rye supplies in prospect in the United States

Present conditions indicate that the rye crop will again be large this year, and with the exception of the big crop in 1935 may be the largest since 1924. On the basis of June 1 indications, the 1938 crop will total 55,138,000 bushels, or about 12 percent larger than last year and 51 percent above the 1928-32 average. A production well above average was indicated for most of the important producing states of the mid-West, and large crops were in prospect in Nebraska, South Dakota, and North Dakota, where yields have been unusually low in 3 out of the past 5 years, as the result of droughts. The increase in production over last year is attributed entirely to a larger production in these 3 states, since the combined increase in the indicated production in these states was 9.1 million bushels as compared with the total increase for the United States of slightly less than 6 million bushels.

While indicated yields in all states, except in New Jersey and Virginia, were above average, they were lower than last year in many states. Moisture has been abundant and growing conditions favorable in nearly all sections of the country.

If the 1938 production is as large as indicated, this will be the third year since 1934 that production has been larger than in any of the years from 1928 to 1934.

United States stocks for the beginning of the 1938-39 crop year (July 1 commercial and June 1 farm stocks) are estimated at 10 million bushels, which is about an average carry-over. With a crop indicated on the basis of the June 1 condition at 55 million bushels, the total supply for 1938-39 is about 65 million bushels. This compares with 55 million bushels in 1937 and 48 million bushels in 1936.

In 1937-38 the apparent domestic disappearance has amounted to about 40 million bushels (table 14). The year before it was 44 million bushels and 2 years earlier 50 million bushels. Usually about the most important single item for which rye is used is feed. The quantity so used is determined largely by the quantity available and by prices compared with the quantity and prices of other feeds. Even if large quantities are fed

this year, a crop of 55 million bushels would still provide a considerable surplus for export if market outlets existed. Production prospects in the European countries to which we export are so much better than last year that prospects of exporting United States rye have been greatly reduced. Our exports this season have totaled about 6 million bushels.

Rye prospects in Europe much better than in 1937

The outlook in central Europe is much better this year than last, when the crop suffered extensive winterkill in the principal producing countries of Europe. Spring growing conditions have been more favorable than last year for development of the crop. In Germany, the most important European rye producer, the May official report of winterkill, indicates that it has been well below average, contrasted with the far above average figure for last year. The acreage sown to winter rye in Germany is estimated at 10,285,000 acres, as compared with 10,122,000 acres in 1937.

In Czechoslovakia also a small increase in acreage is noted, the acreage this year being indicated at 2,453,000 acres, compared with 2,413,000 acres in 1937. Crop growth has been retarded, but with favorable weather for the rest of the growing season a satisfactory crop could be harvested.

In Poland cold weather during April, accompanied by snow and frosts, caused some deterioration, but early in May the crop condition was reported to be well above that of a year ago. Unless weather conditions during June and early July are very unfavorable, it is expected that the rye crop in Poland will be definitely larger than the below average 1937 crop.

Some frost damage to rye in parts of Soviet Russia has been reported.

Domestic rye prices to be lower than in 1937-38

Rye prices in the United States have declined since early in January, largely in response to continued favorable prospects for the 1938 crop. For the week ended June 4 the price of No. 2 rye at Minneapolis averaged 51 cents per bushel, which was the lowest weekly average in more than 2 years, after which the price advanced to about 56 cents per bushel for the week ended June 11.

If this year's crop turns out to be as large as present conditions indicate, and our export markets are restricted because of good crops in Europe, domestic prices well below those of the past 2 years may be expected. Prices during the next 2 or 3 months may not be greatly different from those in this same period of 1935, when No. 2 rye at Minneapolis ranged between 45 and 52 cents a bushel. The demand for rye from feeders will be less favorable during the summer months this year than a year ago, as supplies of all feed grains per grain consuming animal unit are now above average.

Table 15 shows prices of No. 2 Rye at Minneapolis by months since July 1935, and brings up to date table 13 on page 18 of the June 1937 issue of The Wheat Situation.

Table 14.- Rye: Acreage, yield, production, supply, indicated disappearance, net exports, and price, average 1928-32 and annual 1934-35 to 1938-39

Year beginning July	Acreage harvested	Average yield per acre	Production: United States	Production: World exclusive of Russia and China	Production: U.S. as percentage of world	Net exports including flour 1/	Stocks at end of crop year 2/	Indicated disappearance	Farm price per bushel
	1,000 acres	Bushels	1,000 bushels	Million bushels	Percent	1,000 bushels	1,000 bushels	1,000 bushels	Cents
1928-32 av.	3,315	11.5	38,212	96.9	3.9	2,686	---	---	55.2
1934-35	2,035	8.4	17,070	93.9	1.8	3/11,230	11,283	---	71.8
1935-36	4,141	14.2	58,597	97.2	6.0	3/ 2,236	22,299	49,817	39.5
1936-37	2,774	9.3	25,319	90.4	2.8	3/ 2,297	5,886	44,029	80.9
1937-38	3,839	11.3	49,449	89.9	5.5	6,000 4/	9,800 4/	39,535 4/	5/68.8
1938-39 6/	4,059	13.6	55,138	---	---				

1/ Total imports minus total exports (domestic plus foreign). For the period 1919-1928 net exports averaged 30,846,000 bushels annually; pre-war production about equaled domestic utilization. (1 bbl. of rye flour = 6 bushels of rye.)
2/ Includes stocks on farms as of June 1(available only beginning with 1935 and only for June 1) plus commercial stocks as of July 1.
3/ Net imports.
4/ Partly estimated.
5/ Preliminary figure published December 1937.
6/ June 1 indications.

Table 15.- Rye, No. 2: Weighted average price per bushel of reported cash sales, Minneapolis, by months, 1935-36 to 1937-38

Crop year	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Cents	Cents	Cents	Cents	Cents	Cents
1935-36	48.1	45.0	46.5	51.9	48.6	49.0
1936-37	75.0	82.5	86.7	85.1	91.6	109.9
1937-38	85.2	77.3	77.9	74.0	68.5	69.8

Crop year	Jan.	Feb.	Mar.	Apr.	May	June	Wtd. av.
	Cents	Cents	Cents	Cents	Cents	Cents	Cents
1935-36	53.5	56.9	52.1	49.7	51.7	58.2	50.2
1936-37	113.2	110.6	109.0	112.4	108.9	99.5	97.2
1937-38	75.9	74.4	66.9	61.0	58.0		

Compiled from Minneapolis Daily Market Record.
Average of daily prices weighted by car-lot sales.